



Do you have your NPI? National Provider Identifiers (NPIs) will be required on claims sent on or after May 23, 2007. Every health care provider needs to get an NPI. Learn more about the NPI and how to apply for an NPI by visiting <http://www.cms.hhs.gov/NationalProvIdentStand/> on the CMS web site.

MLN Matters Number: MM5345

Related Change Request (CR) #: 5345

Related CR Release Date: October 27, 2006

Effective Date: January 1, 2007

Related CR Transmittal #: R41GI

Implementation Date: January 2, 2007

Application Update to Medicare Deductible, Coinsurance and Premium Rates for 2007

Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare carriers, Durable Medical Equipment Regional Carriers (DMERCs), DME Medicare Administrative Contractors (DME MACs), Fiscal Intermediaries (FIs) including Regional Home Health Intermediaries (RHHIs), and Part A/B MACs for services provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 5345 which announces the 2007 Medicare rates and instructs your Medicare contractors to make necessary updates to their claims processing systems.

Background

There are beneficiary-related costs for using certain services under Parts A and B of Medicare, typically in the form of deductibles, co-payments, and/or premium payments. Beneficiaries who use covered Part A services may be subject to deductible and coinsurance requirements. A beneficiary is responsible for an inpatient hospital deductible amount, which is deducted from the amount payable by the Medicare program to the hospital, for inpatient hospital services furnished in a spell of illness.

When a beneficiary receives such services for **more than 60 days** during a spell of illness, he or she is responsible for a **coinsurance amount equal to one-fourth** of the inpatient hospital deductible **per-day for the 61st-90th day** spent in the hospital.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

An individual has 60 lifetime reserve days (LRDs) of coverage, which they may elect to use after the 90th day in a spell of illness. The coinsurance amount for these LRDs is equal to one-half of the inpatient hospital deductible.

For Skilled Nursing Facility (SNF) services furnished during a spell of illness, a beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21st through the 100th day.

Most individuals **age 65 and older**, and many **disabled individuals under age 65**, are **insured for Health Insurance (HI) benefits without a premium payment**. The Social Security Act provides that certain aged and disabled persons who are not insured may voluntarily enroll, but are subject to the payment of a monthly premium.

Since 1994, voluntary enrollees may qualify for a reduced premium if they have 30-39 quarters of covered employment. When voluntary enrollment occurs more than 12 months after the date a person is initial eligibility to enroll, a 10 percent penalty is assessed for 2 years for every year they could have enrolled and failed to enroll in Part A.

Under **Supplementary Medical Insurance (SMI) or Part B**, all enrollees are **subject to a monthly premium**. Most SMI services are subject to an annual deductible and coinsurance (percent of costs that the enrollee must pay), which are set by statute. When SMI enrollment takes place more than **12 months after a person's initial enrollment period**, there is a permanent **10 percent increase in the premium** for each year the beneficiary could have enrolled and failed to enroll.

Medicare Part A for 2007

For Calendar Year (CY) 2007, the following rates are applicable for Medicare Part A Deductible, Coinsurance, and Premium amounts:

Deductible	\$992.00 per benefit period
Coinsurance	\$248.00 a day for days 61-90 in each period
	\$496.00 a day for days 91-150 for each LRD used
	\$124.00 a day in a SNF for days 21-100 in each benefit period
Premium	\$410.00 per month for those who must pay a premium
	\$451.00 per month for those who must pay both a premium and a 10 % increase
	\$226.00 per month for those who have 30-39 quarters of coverage
	\$248.60 per month for those who have 30-39 quarters of coverage and must pay a 10 % increase

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Medicare Part B for 2007

For CY 2007, the following rates are applicable for Medicare Part B Deductible and Coinsurance :

Deductible	\$131.00 per year
Coinsurance	20 percent

CMS updates the Part B premium each year. These adjustments are made according to formulas set by statute. By law, the monthly Part B premium must be sufficient to cover 25 percent of the program's costs, including the costs of maintaining a reserve against unexpected spending increases. The federal government pays the remaining 75 percent.

Below are the annual Part B premium amounts from Calendar Year (CY) 1996 to 2006. For these years, and years prior to 1996, the Part B premium is a single established rate for all beneficiaries.

Year	Part B Premium		Year	Part B Premium		Year	Part B Premium
1996	\$42.50		2000	\$45.50		2004	\$66.60
1997	\$43.80		2001	\$50.00		2005	\$78.20
1998	\$43.80		2002	\$54.00		2006	\$88.50
1999	\$45.50		2003	\$58.70			

Beginning on January 1, 2007, the Part B premium will be based on the income of the beneficiary. Below are the CY 2007 Part B premium amounts based on beneficiary income parameters.

Premium/month	Income Parameters for Determining Part B Premium	
	Individual Income	Combined Income (Married)
\$ 93.50	\$ 80,000.00 or less	\$160,000.00 or less
\$105.80	\$ 80,000.01 - \$100,000.00	\$160,000.01 - \$200,000.00
\$124.40	\$100,000.01 - \$150,000.00	\$200,000.01 - \$300,000.00
\$142.90	\$150,000.01 - \$200,000.00	\$300,000.01 - \$400,000.00
\$161.40	\$200,000.01 or more	\$400,000.01 or more

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Implementation

The implementation date for CR5345 is January 2, 2007.

Additional Information

For complete details, please see the official instruction issued to your carrier, DMERC, DME MAC, intermediary, RHHI, or A/B MAC regarding this change. That instruction may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R41GI.pdf> on the CMS web site.

If you have any questions, please contact your carrier, DMERC, DME MAC, intermediary, RHHI, or A/B MAC at their toll-free number, which may be found on the CMS web site at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>

Flu Season is upon us! Begin now to take advantage of each office visit as an opportunity to talk with your patients about the flu virus and their risks for complications associated with the flu, and encourage them to get their flu shot. And don't forget, health care professionals need to protect themselves also. **Get Your Flu Shot. – Protect yourself, your patients, and your family and friends.** Remember - Influenza vaccination is a covered Part B benefit. Note that influenza vaccine is NOT a Part D covered drug. For information about Medicare's coverage of adult immunizations and educational resources, go to <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0667.pdf> on the CMS website.

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